

Pension

WINTER 2023 • PENSIONER MEMBER NEWSLETTER

- **Fund report**
- The McCloud judgement and remedy
- Your pension is protected



Our Net Zero Strategy

On 1 December 2022 Officers, Pension Fund Committee and Local Pension Board members held a day's conference considering Responsible Investment issues with a focus on developing the Pension Fund's Net Zero strategy. We hosted speakers from a number of different organisations and the conference was held at Middlesex University. The conference was a positive and constructive event and will provide a solid platform to develop Barnet's Responsible Investment strategy.

The issues around setting a Net Zero strategy for a Pension Fund

are complex and we expect this process to continue throughout 2023. However, an important first step was taken at the 31 January 2023 Pension Fund Committee meeting when the following principles were agreed.

Net Zero Principles

- 1. Leading and credible voice:* Our framework should provide a platform for Barnet to be a leading voice in discussions around targeting a Net Zero strategy for an LGPS Pension Fund
- 2. Ambitious and measurable:* our target should be evidence

based, credible, measurable and ambitious

- 3. Risk and return focused:* We should not compromise risk or return potential in targeting a Net Zero strategy
- 4. Wider Council alignment:* We should echo the wider targets set by the Council

Further information about how the Barnet Pension Fund is developing its Responsible Investment strategy can be found within the 31 January 2023 Pension Fund Committee paper linked [here](#).

Pension Fund Account Statement

	2022/23	2021/22
Notes	£000	£000
Dealings with members, employers and others directly involved in the fund		
Contributions	(66,878)	(61,990)
Transfers in from other pension funds	(6,072)	(9,247)
	(72,951)	(71,238)
Benefits	64,913	63,583
Payments to and on account of leavers	9,944	5,611
	74,858	69,194
Net (additions) from dealings with members	1,907	(2,044)
Management expenses	18,412	14,942
Net (additions) / withdrawals including fund management expenses	20,320	12,899
Returns on investments		
Investment income	(4,037)	(9,023)
Profit and losses on disposal of investments and changes in the value of investments	24,040	(110,902)
Net return on investments	20,002	(119,926)
Net (increase) / decrease in the net assets available for benefits during the year	40,323	(107,027)
Opening net assets of the scheme	1,501,627	1,394,600
Closing net assets of the scheme	1,461,304	1,501,627

Net Asset Statement

	31 March 2023	31 March 2022
Notes	£000	
Investment assets	1,476,844	1,481,979
Long term investments	150	150
Total net investments	1,476,994	1,482,129
Current assets	14,772	69,353
Current liabilities	(30,461)	(49,855)
Net assets of the fund available to fund benefits at the end of the reporting period	1,461,304	1,501,627

Pension Fund Investments

	Market value	31 March 2023	Market value	31 March 2022
	£000	%	£000	%
Legal and General	587,697	39.7	603,354	40.7
Schroder Investment Management	117,107	7.9	280,896	19.0
LCIV	227,015	15.4	146,718	9.9
Alcentra	13,161	0.9	35,384	2.4
Partners Group	46,099	3.1	49,506	3.3
Barings	73,469	5.0	60,546	4.1
Insight Investments	89,530	6.1	90,056	6.1
IFM Investors	98,001	6.6	84,949	5.7
Aberdeen Long Lease Property	26,397	1.8	34,234	2.3
CBRE	32,599	2.2	29,881	2.0
Adams Street	62,841	4.3	41,604	2.8
Fiera Real Estate	27,577	1.9	0	0.0
Allianz	18,500	1.3	0	0.0
Pemberton	18,500	1.3	0	0.0
Legal and General Liquidity Fund	19,250	1.3	0	0.0
Aberdeen Standard Life	19,250	1.3	25,000	1.7
	1,476,994	100.0	1,482,129	100.0

Membership of the Fund

Membership of the Barnet Pension Fund is for employees, including non-teaching staff in schools and employees of other organisations (in addition to the Council) who participate in the Fund.

The other organisations are classed as either:

- **Admitted Bodies** – organisations that participate in the Fund under an admission agreement between the Fund and the organisation. These can include voluntary, charitable and similar bodies or private

contractors undertaking a local authority function following outsourcing to the private sector.

- **Scheduled Bodies** – academies, colleges and similar bodies whose staff are automatically entitled to be members of the Fund.

Below is a breakdown of the number of employers and members in the Fund as of 31 March 2023 (compared against a year before). Scheme members with multiple roles will be included more than once in the table as will contractors with more than one contract.

	31 March 2023	31 March 2022
Number of employers with active members	70	65
Number of employees in scheme		
London Borough of Barnet	3,961	3,561
Other employers	5,768	5,221
Total	9,729	8,782
Number of pensioners		
London Borough of Barnet	5,500	5,248
Other employers	3,087	2,868
Total	8,587	8,116
Deferred pensioners		
London Borough of Barnet	5,835	6,153
Other employers	3,682	3,568
Total	9,517	9,721
Total number of members in pension scheme	27,833	26,619



The McCloud judgement and remedy

The Court of Appeal 'McCloud' judgment on age discrimination we've reported on before means changes to the Local Government Pension Scheme (LGPS) are needed. The changes, effective from 1 October 2023, are called the **McCloud remedy** and remove the age discrimination found in the court case.

Most pensioner members are unaffected by the changes and even those affected will see either no increase to their pension or just a small change. Pensions will not go down.

You may be affected if:

- you were paying into the LGPS or another public service pension scheme before 1 April 2012
- you were paying into the LGPS between 1 April 2014 and 31 March 2022, and
- you have been a member of a public service pension scheme without a continuous break of more than five years.

Background

In 2014, the LGPS changed from a final salary scheme to a career average scheme – a pension that builds up based on what you earn each year. Older members who were closer to retirement were protected from the changes by comparing the pension from their career average scheme with the pension they would have built up in the final salary scheme. The member received the higher amount on retirement. This protection is called the **underpin**.

To remove the McCloud age discrimination, qualifying younger members will now receive underpin protection too. But underpin protection only applies to pensions built up between 1 April 2014 and 31 March 2022, or sooner if you left the LGPS or reached your final salary normal retirement age (usually 65) before 31 March 2022.

From 1 April 2022, there is no underpin protection. Pensions built up after this date are based on the career average scheme only.

What do I need to do?

You don't need to do anything and there's nothing we can tell you yet about how this might affect your pension.

Will my pension increase?

Most members won't see an increase because the pension they built up in the career average scheme is higher than the pension they would have built up in the final salary scheme. If there is an increase, it is likely to be a small increase and we will contact you to tell you – **please take no action now.**

For more comprehensive information about the judgement and who the changes are likely to affect, visit the McCloud section of the national LGPS website on www.lgpsmember.org/McCloud-Remedy



It's time to go online

View your pension record and your monthly pay advices with our online My Pension service.

Register today at www.wypf.org.uk/register



Moving house? Death grants in retirement

If you move house, we need to know your new address – not only to keep your records up to date but to make sure personal or sensitive information going to your old address doesn't put you at risk of identity fraud. So when you move, please let us know your new address as soon as you can.

Privacy and your data

How we use data we hold about you:
www.wypf.org.uk/privacy

You may have nominated somebody to get your death grant when you were working, but you can do it in retirement too – as long as you are under age 75 and left employment on or after 1 April 2008.

A death grant is a one-off tax-free lump sum on top of any pension due to your husband, wife, partner or children if you die. Conditions apply depending on when you retired and the options you chose, but the grant is usually ten times your yearly pension less any

pension already paid (only up to age 75). It's up to you to decide who gets your death grant and if you nominate it can help those you leave behind avoid paying inheritance tax.

For more information about death benefits in retirement visit www.wypf.org.uk/deathbenefits

If you would like to make a nomination, or change one you've already made, you can download a form at www.wypf.org.uk/deathgrant

Your LGPS pension is protected

In an uncertain world it's reassuring to know that your future pension is fully protected and unaffected by market changes. We are part of the LGPS, the Local Government Pension Scheme, a **defined benefit** scheme in which benefits are set out in law and therefore fully protected from the impact of short-term market instability. Like all LGPS pension funds we are diversified long-term investors, securely managed to protect our members' pensions from short-term fluctuations in market values. You can be assured that the pension you are receiving is safe and sound.

Contact us

Phone 01274 434999

Monday to Friday 8.45am
to 4.30pm

Email pensions@wypf.org.uk

Our postal address is PO Box
67 Bradford BD1 1UP



@WYPF_LGPS

facebook.com/westyorkshirepensionfund